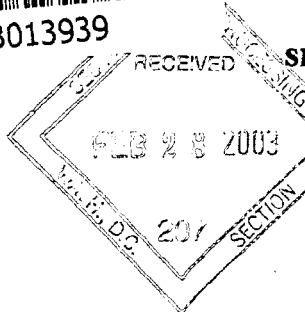




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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

OMB APPROVAL	
OMB Number:	3235-0123
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8-51851

FACING PAGE

**Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder**

REPORT FOR THE PERIOD BEGINNING 01/01/2003 AND ENDING 12/31/2003
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: StoneBridge Securities LLC

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

2505 2nd Ave Suite 515
(No. and Street)

Seattle
(City)

WA
(State)

98121
(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Michael Henderson 206-770-9700

(Area Code - Telephone Number)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Loebl International CPA & Advisor LLC
(Name - if individual, state last, first, middle name)

234 Hudson Ave #2882 Albany New York 12210
(Address) (City) (State) (Zip Code)

CHECK ONE:

☒ Certified Public Accountant

☐ Public Accountant

☐ Accountant not resident in United States or any of its possessions.

PROCESSED

MAR 18 2003

**THOMSON
FINANCIAL**

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

OATH OR AFFIRMATION

I, Michael Hendrickson, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Stone Ridge Securities LLC, as of December 31, 2002, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

None

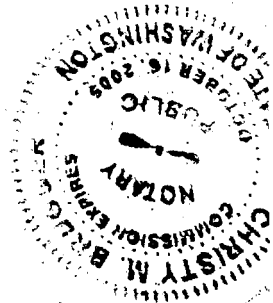
Michael Hendrickson
Signature
Principal
Title

Christy M. Bragg
Notary Public

This report ** contains (check all applicable boxes):

- ☐ (a) Facing Page.
- ☐ (b) Statement of Financial Condition.
- ☐ (c) Statement of Income (Loss).
- ☐ (d) Statement of Changes in Financial Condition.
- ☐ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietors' Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☐ (g) Computation of Net Capital.
- ☐ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or Control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation of the Computation of Net Capital Under Rule 15c3-3 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☐ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).



Report Pursuant to Rule 17a-5(d)
Of the United States Securities and
Exchange Commission and Report of
Independent Certified Public Accountants

STONEBRIDGE SECURITIES LLC
(f.k.a. Base Capital Securities, LLC)

December 31, 2002

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LORAL INTERNATIONAL CPA & Advisor, L.L.C.

Member of the American SEC Practice Section

Main Address : 234 Hudson Ave., #2882, Albany, New York 12210
Telephone: (518) 472-1789 Fax: (518) 472-1544

Independent Auditor's Report

To the Members of
Stonebridge Securities, LLC

We have audited the accompanying balance sheets of Stonebridge Securities, LLC (f.k.a. Base Capital Securities LLC) as of December 31, 2002 and 2001 and the related statements of operations, changes in members' equity and cash flows for the years ended December 31, 2002 and 2001 that you are filing pursuant to rule 17a-5 under the Securities Exchange Act of 1934. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used, and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1k, Going Concern, to the financial statements, the Company has continually recorded operating losses that raises substantial doubt about its ability to continue as a going concern. The success of the Company is dependent upon its ability to continue to have cash inflows from new business, and/or capital commitment from its existing members.

In our opinion, the financial statements referred to above present fairly, in all material respects, except for the concerns mentioned in the above paragraph, the balance sheets of the Company as of December 31, 2002 and 2001, and the results of its operations and its cash flows for the years ended December 31, 2002 and 2001 in conformity with accounting principles generally accepted in the United States of America.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedule 1 is presented for purposes of additional analysis and is not required as part of the basic financial statements, but is supplementary

information required by Rule 17a-5 of the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applies in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Loral International CPA & Advisor, LLC

Loral International CPA & Advisor, LLC.

Albany, New York

February 14, 2003

STONEBRIDGE SECURITIES LLC
(f.k.a. BASE CAPITAL SECURITIES LLC)

BALANCE SHEETS

AS OF DECEMBER 31

ASSETS

	<u>2002</u>	<u>2001</u>
Cash and cash equivalents (Note 1d)	\$ 19,802	\$ 18,475
Marketable equity securities (Note 1e)	6,087	8,434
Accounts receivable (Note 1f)	10,000	0
Prepaid expenses	315	315
Equipment, net of accumulated depreciation (Note 1g)	4,703	6,791
	<u>\$ 40,907</u>	<u>\$ 34,015</u>

LIABILITIES AND MEMBERS' EQUITY

Accounts payable (Note 1h)	\$ 17,507	\$ 33
Members' equity	<u>23,400</u>	<u>33,982</u>
	<u>\$ 40,907</u>	<u>\$ 34,015</u>

The accompanying notes are an integral part of these statements.

STONEBRIDGE SECURITIES LLC
(f.k.a. BASE CAPITAL SECURITIES LLC)

STATEMENT OF OPERATIONS

For the Years ended December 31, 2002 and 2001

<u>Income</u>	2002	2001
Commissions (Note 1c)	\$ 0	\$ 68,150
Consulting (Note 1c)	81,677	0
Investment Income	502	522
Unrealized gain (loss) on investments	(2,473)	(6,747)
	<u>79,706</u>	<u>61,925</u>
 <u>Expenses</u>		
Management and consulting fees	0	12,000
Sales Commission	0	2,000
Professional fees	25,498	16,083
Rent	14,102	10,294
Supplies	3,290	2,145
Depreciation expense	2,088	2,088
Travel and entertainment	39,152	18,569
Licenses and permits	3,453	4,120
Publications and promotions	442	953
Telephone	4,178	4,113
Parking and auto	431	1,079
Other expenses	2,654	1,513
	<u>95,288</u>	<u>74,957</u>
 NET INCOME (LOSS)	 <u>\$ (15,582)</u>	 <u>\$ (13,032)</u>

The accompanying notes are an integral part of these statements.

STONEBRIDGE SECURITIES LLC
(f.k.a. BASE CAPITAL SECURITIES LLC)

STATEMENT OF CHANGES IN MEMBERS' EQUITY

For the years ended December 31, 2002 and 2001

Balance at December 31, 2001	\$ 33,982
Capital Contribution from members	5,000
Net (loss) for the year	<u>(15,582)</u>
Balance at December 31, 2002	<u><u>\$ 23,400</u></u>

The accompanying notes are an integral part of these statements.

STONEBRIDGE SECURITIES LLC
(f.k.a. BASE CAPITAL SECURITIES LLC)

STATEMENT OF CASH FLOWS

For the Years ended December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
Cash flows from operating activities:		
Net income (loss)	\$ (15,582)	\$ (13,032)
Adjustment to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation	2,088	2,088
Unrealized loss (gain) on marketable equity securities	2,473	6,747
Change in assets and liabilities		
Marketable equity securities	(126)	284
Accounts receivable	(10,000)	32,050
Prepaid expenses	0	0
Accounts payable	17,474	(10)
	<u>(3,673)</u>	<u>28,127</u>
Net cash provided by (used in) operating activities		
Cash flows from investing activities:		
Purchase of equipment	<u>0</u>	<u>(2,631)</u>
	<u>0</u>	<u>(2,631)</u>
Net cash provided by (used in) investing activities		
Cash flows from financing activities:		
Contributions from members	5,000	0
Distributions to members	<u>0</u>	<u>(32,494)</u>
	<u>5,000</u>	<u>(32,494)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in cash and cash equivalents	1,327	(6,998)
Cash and cash equivalents at beginning of period	<u>18,475</u>	<u>25,473</u>
Cash and cash equivalents at end of period	<u>\$ 19,802</u>	<u>\$ 18,475</u>

The accompanying notes are an integral part of these statements.

NOTE 1 – SUMMARY OF ACCOUNTING POLICIES

A summary of significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

a) History and Business Activity

Stonebridge Securities LLC (“the Company”) is a limited liability company, which was organized under the laws of the State of Washington on March 19, 1999 under the name of Base Capital Securities LLC. The Company subsequently changed to its current name on April 13, 2001. The Company is a NASD member broker dealer. The Company’s services include: raising capital for clients through the private placement process by placing securities with accredited investors, providing fee based financial structuring, and other investment banking services to clients. The Company is exempt from the reserve requirements under SEC Rule 15c3-3(k)(2)(ii) since it does not handle or carry customer securities and cash.

b) The calendar year ending December 31

The Company adopts December 31 as its calendar year ending date since its incorporation.

c) Revenue Recognition

Commissions income is recognized when the Company successfully raises capital for a client. Commission percentages are generally base on contractual agreements and range from 5% to 8% of the amount raised. Revenue from consulting services is recognized when the services are performed. During the current year of 2002, the Company entered 4 different consulting services for clients. The largest two consulting services are in amount of \$55,927 and \$15,000.

d) Cash and cash equivalents

The Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

The Company's policy is to invest cash in excess of operating requirements in income producing investments. Money market accounts are stated at lower of cost or market. The balances as of December 31, 2002 and 2001 are \$19,802 and \$18,475.

e) Marketable Equity Securities

All marketable equity securities are deemed by management to be trading and are reported at fair value with net realized and unrealized gains or losses reported in operations. The balances as of December 31, 2002 and 2001 are \$6,087 and \$8,434. The securities are held in trust by Charles Schwab & Co., Inc.

f) Accounts Receivables

The Company considers receivables to be fully collectible; accordingly, no allowance for doubtful accounts is required. If amounts became uncollectible, they will be charged to operations when that determination is made. The balance as of December 31, 2002 represents amount due by a client (see Note 1c, Revenue Recognition).

g) Equipment

Equipment is carried at cost. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives of five years.

h) Accounts Payable

The account balances represent the amount payable to two shareholders (See Note 3: Related Party Transactions) and audit fee.

i) Income Taxes

For the United States tax purposes, a Limited Liability Corporation (LLC) is treated as a partnership. The income tax of the Company is the obligation of the individual principal, and is not included in the accompanying financial statements.

j) Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumption that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

k) Going concern

The Company has been continuing recorded a net operating loss of \$15,582 for the current year and \$13,032 for the prior year ended December 31, 2001. If this situation continues, it may affect the Company's ability to continue its business operations as a going concern. Despite that the management has indicated its confidence to continue its operations by attracting new business, the Company's operations is dependent on the continuing cash inflows from new business, and/or capital commitment from its existing shareholders.

NOTE 2 – NET CAPITAL REQUIREMENT

The Company is subject to the net capital rule (Rule 15c3-1) of the Securities and Exchange Commission. This rule prohibits the Company from engaging in any securities transaction at a time when its "aggregate indebtedness" exceeds eight times its "net capital" as those terms are defined by the rule.

At December 31, 2002, the Company's net capital before haircut and required net capital were \$8,382 and \$5,000, respectively. The current year's ratio of aggregate indebtedness to net capital was 2.6 to 1.0. At December 31, 2001, the Company's net capital and required net capital before haircut were \$28,563 and \$5,000, respectively. The prior year ratio of aggregate indebtedness to net capital was 0.01 to 1.0.

NOTE 3 – RELATED PARTY TRANSACTIONS

As of December 31, 2002, the Company owed the shareholders M. Hendrickson of \$7,145 and J. Huey of \$4,362. The amounts are related to the Company's businesses expenses paid by the shareholders.

Schedule 1

STONEBRIDGE SECURITIES LLC
(f.k.a. BASE CAPITAL SECURITIES LLC)

COMPUTATION OF NET CAPITAL UNDER RULE 15c3-1

December 31, 2002

Aggregate indebtedness	\$ 17,507
Net Capital	
Total members' equity	23,400
Adjustments to net capital pursuant to Rule 15c3-1:	
Accounts receivable	(10,000)
Prepaid expenses	(315)
Equipment, net of accumulated depreciation of \$5,738	(4,703)
	<u>(15,018)</u>
Net capital before haircuts on securities (tentative net capital)	<u>8,382</u>
Haircut on equity securities	<u>(1,624)</u>
NET CAPITAL	<u>6,758</u>
Minimum net capital requirement	<u>5,000</u>
Excess net capital over minimum requirement	<u>\$ 1,758</u>
Ratio of aggregate indebtedness to net capital	<u>2.6:1.0</u>

There was no difference between the Company's computation of net capital, as previously reported in the fourth quarter unaudited FOCUS Form X-17A-5 Part II, and the Computation above.

LORAL INTERNATIONAL CPA & Advisor, L.L.C.

Member of the American SEC Practice Section

Main Address : 234 Hudson Ave., #2882, Albany, New York 12210
Telephone: (518) 472-1789 Fax: (518) 472-1544

Report of Independent Certified Public Accountants on Internal Control Structure Required by Rule 17a-5 Of the Securities and Exchange Commission

To the Members of

Stonebridge Securities LLC (f.k.a. Base Capital Securities LLC)

In planning and performing our audit of the financial statements of Stonebridge Securities LLC (f.k.a. Base Capital Securities LLC), for the period ended December 31, 2002, we have taken into consideration the Company's internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. The audit is not designed to provide assurance on the internal control structure.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission (SEC), we have made a study of the practices and procedures followed by the Company, including tests of such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g). We also make the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exempt provisions of Rule 15c3-3. Because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities, we did not review the practices and procedures followed by the Company: (1) in making quarterly securities examinations, counts, verifications, and comparisons, or (2) recordation of differences required by rule 17a-13 complying with requirements for prompt payment for securities under Section 8(b) of Regulation T of the Board of Governors of the Federal Reserve System.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding

paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedure and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of an internal control structure and the practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projections of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our audit would not necessarily disclose all matters in the internal control structure that might be considered as material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control does not reduce the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we are not aware of any matter involving the internal control structure that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives, in all material respects, indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2002 to meet the SEC's objectives.

This report is intended solely for the use of the Members, management, the SEC, the National Association of Securities Dealers and other regulatory agencies which rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.

Loral International CPA & Advisor, LLC
Loral International CPA & Advisor, LLC.

Albany, New York

February 14, 2003

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